

Winter 2007

Department of Economics Newsletter, v14, Winter 2007

University of Northern Iowa. Department of Economics.

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Recommended Citation

University of Northern Iowa. Department of Economics., "Department of Economics Newsletter, v14, Winter 2007" (2007). *Department of Economics Newsletter*. 3.
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UNI • DEPARTMENT OF ECONOMICS

NEWSLETTER

www.cba.uni.edu/economics

COLLEGE OF BUSINESS ADMINISTRATION ♦ VOLUME 14 ♦ WINTER 2007

A MESSAGE FROM THE DEPARTMENT HEAD



As I write this, the UNI football team is enjoying an undefeated season and is ranked number one in the FCS division. We're all hoping for a national championship but there are several good teams

standing in the way of that goal. I know and enjoy head coach Mark Farley and we have a few econ majors on the team. We wish them the best of luck.

It would be great if the team could go all the way. But even if they don't, it will not diminish their accomplishments this season nor the quality of the university. UNI is not measured by the wins and losses of our sports teams. Rather, it is the accomplishments of our faculty and the entire student body both while here and after graduation that count. Have we given our students an education which will position them as effective life-long learners? Have we prepared them to meet and overcome new and unknown challenges? Will they be contributing, positive members of an increasingly complex society? These are among the many questions which need to be answered as we assess the quality of our university. And, it's why our economics department engages in a continuing process of monitoring both how our faculty are doing and how our students are doing. Faculty are annually evaluated in the three areas of teaching, research and service and their contributions measured. Our Directed Research in Economics course tests the economics understanding of every one of our graduates. Finally, we periodically sample our alumni to see how they are doing and how we can improve. We do not want to let up at all.

Among the most important projects for this year is our program review. By university policy, every program on campus undergoes a thorough review every seven years. The economics major is defined as a program for this purpose. The process begins with a self-study prepared by the department. Our point person on this is Ken McCormick and he does a great job. This is the third one he's

done so he's got it down pat!

Anyway, the self-study is almost 200 pages long and contains everything you could possibly want to know about the department. It includes data on faculty performance and research, enrollment, curriculum, outcomes assessment, dollars and cents, and even the physical facilities. There are at least two objectives of the self-study: force us to take a hard look at, ourselves and also to allow others to look at us.

The self-study is submitted to the University Committee on Academic Review and they give it a careful examination to make sure it is complete. Then, economists from two other universities in the country are invited to campus for a few days to look us over. They of course look at the self-study but believe me, they really scrutinize everything we do. They will be on campus this spring and when finished, they will submit an evaluation of our program as well as recommendations for improvement.

The entire process will take about a year and it is a grueling grilling! An enormous amount of time and energy goes into the review but it is well worth it. Our department does not worry about the process but rather we view it as an opportunity. Further, it keeps us on our toes as we strive to always meet the program objectives and recommendations for improvement. In everything we do in life, complacency is a constant threat to quality and growth. By undergoing these periodic reviews, we are ensuring there is no erosion of the quality of our economics program. We owe this not only to ourselves and students but to our alumni and the citizens of Iowa.

Enrollments in Principles of Macroeconomics are up substantially (almost 10%) this fall for the first time in five years. It's probably a result of tuition stabilizing—we had the lowest increase of the decade this fall—but it might also be a recognition of the quality of education received at UNI compared to other two and four-year schools. Further, as you may have experienced yourself, transferring from one school to another may lengthen the time to graduation and actually increase overall college costs. There may be a false economy

associated with tuition shopping and then transferring to UNI.

Enrollments at the state's community colleges have risen dramatically as Regents' tuition has gone up. The community colleges are an integral part of Iowa's excellent higher education system, especially in the technical area but for those seeking an economics or business major, it is critical to ensure that credits transfer easily and course rigor is equivalent. As I indicated, it actually may wind up costing a transfer student more if it takes longer to graduate. We are working with the community colleges to streamline the transfer process and also to make sure the courses we accept as transfer credit contain the same content, rigor and standards as our own courses. To do less, is shortchanging students.

This spring Bryce Kanago has once again organized a conference on our campus for the community college teachers of economics. We have done this several times in the past and found it extremely worthwhile. The interaction between them and our faculty is educational, invigorating and enlightening. I have been impressed with the determination and dedication of the community college teachers who sometimes face some pretty intense pressures in the classroom. They are as concerned about the quality of economic understanding as we are and I know I can count on them in the future as we work to ensure equivalence of courses.

I hope you pick up on a theme in our department: we are committed to maintaining the quality of our program as we work to improve the education our students receive. Economics has a reputation as being one of the most demanding majors on campus and that's not an accident. Our faculty are dedicated to providing a learning foundation which will improve our graduates and contribute to their success following graduation. Our reputation was not easily earned and we have no intention of squandering it.

As always, stop by and we'll buy you lunch. But remember to call first!

—Fred Abraham

Scholarship News

When we make scholarship awards, we consider a variety of factors and some of our scholarships have different objectives. Some are given to our best students, some to those with the greatest need, and some to those with an excellent work ethic. In 2007 we were able to help seven students.

The Mahmood Yousefi Scholarship was awarded to **Stacy McMullen** from Arthur, Illinois. Stacy is in the Business Analysis emphasis and her future plans are to enter the job market. She has a 3.98 GPA.



Stacy McMullen



Michael Busch

The oldest scholarship we have, the Leavitt Scholarship, was awarded to **Michael Busch**. Michael is from Waverly, Iowa, and his future plans are to attend graduate school in economics and earn a PhD in the field. He is in the Quantitative Techniques emphasis and has a 3.97 GPA.

Amy Clemen is the recipient of the Glasener Scholarship. Amy is from Dyersville, majoring in the General Economics emphasis with a 3.68 GPA.



Amy Clemen

She serves as secretary for the Economics Club and is a tutor for the Economics Department. Her plans for after graduation are to attend law school with an emphasis in Children's Rights.



Nan Jungtaturapit

Kuejai (Nan) Jungtaturapit from Bangkok, Thailand, was awarded the Alumni Scholarship. Nan has a 3.98 GPA and is majoring in the Business Analysis emphasis.

After graduation she plans to attend graduate school and pursue a PhD in Economics.

Emily Cormaney received the Emeritus Faculty Scholarship established to honor our retired faculty. From Lincoln, Iowa, Emily is in the General Economics emphasis with a 3.93 GPA and plans to pursue a career in the economics field.

The annual Van Nostrand scholarship was awarded to **John Fordyce** from Aurelia (in northwest Iowa). John is in the General Economics



Emily Cormaney



John Fordyce

emphasis and has a 3.99 GPA. John has served as both vice president and president of the Economics Club as well as serving as a tutor for the Economics

Department. His future plans are to attend law school.

Nicholas Swee of Mapleton, Iowa, was awarded the Economics Endowment scholarship. Nick has a 3.92 GPA and is majoring in the Business Analysis emphasis. After graduation, he plans to work in the financial services industry.



Nicholas Swee

Thomas Amlie Economics Scholarship

We are proud to announce the creation of another fully funded scholarship for Economics majors. Tom Amlie ('86) has given us funds to establish the Thomas Amlie Economics Scholarship and the first award will be made spring of 2008. You might recall that Tom served as our Alumni-in-Residence in 2005 and we must have made a good impression on him! The scholarship was established in 2007 and is to be used to provide scholarship support for advanced undergraduate economics majors at the University of Northern Iowa who demonstrate financial need and who have shown a high level of academic achievement. As an aside, Tom funded the scholarship through a gift of stock, the advantage of which is discussed on the next page in this Newsletter. We appreciate everything Tom and indeed all of our alumni have done for our program and students. It has made us a better department.



Tom Amlie with Fred Abraham

ADAM SMITH CIRCLE

Fred Abraham
Scott Broshar
Ron Giddings
Charles Gillette
David Hakes
Peter & Amana (Eddy)
Hosch
Jacquelyne Joens
Gregg & Chandra Lutz

Barb Mardis
Mark Miller
Thomas Rietz
Janet M. Rives
Marti Rodamaker
Charles Strein
Bulent Uyar
James Van Nostrand

J.M. KEYNES CLUB

David Altman
Craig Chase
Deborah Nestor
Charles Phillips
Kathryn Quinn
Ernest Raiklin
Christopher Riley

PROFESSORS' CLUB

Kevin Bracker
Lisa (VerMulm) Dreyer
Terrence & Lois Lindell
Ronald Rolighed
Jon Shepherd
Jeffrey Williamson

SCHOLARS' CLUB

David Adams
Stanley C. Benz
Marshall Blaine
Melissa Edsill
Robert Gettemy
Maris Boyd Gillette
David Gingerich
Steffanie Guess-Murphy
Rebecca Huss
David Jones
Bryce Kanago
Allison (Falor) Larson
Gregor MacDonald
Rick Massa
Katsuyuki Ohbayashi
Mike Paar
Kevin Pearson
Jerry Peterson
Scott Rowsell
Jeff Scudder
Megan (Swanson) Thiel
Steve Veit-Carey
Mark Willard
Mahmood Yousefi

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Gay Duroe
Robert Engrav
David Gingerich
Ray Loehr
Mark Milder
John Pantazis
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ESTIMATED COST OF ATTENDING UNI (PER ACADEMIC YEAR)

| | |
|-----------------------|-----------------|
| Undergraduate Tuition | \$5,352 |
| Mandatory Fees | \$838 |
| Room and Board | \$6,280 |
| Books and Supplies | \$966 |
| Personal Expenses | \$2,445 |
| Transportation | \$606 |
| Total Costs | \$16,487 |

Law & Graduate School Application Help

Among the many objectives of the UNI Economics program is to prepare qualified students for law and graduate school. The deductive reasoning and analytical thought so prevalent in economics lends itself well to the study and practice of law as well as advanced study of economics. Our graduates who have gone on to school have reported they were well prepared by their economics major and have continued on to successful careers.

Unfortunately, the application process can be expensive. Several faculty in the department have established a fund which is used to defray some of the expenses related to the LSAT & GRE exam. If you wish to contribute to this fund, please make checks payable to the Economics Advancement Fund and send to Lisa Jepsen in care of the department.

Thanks for your help!



DID YOU KNOW...?

The UNI Foundation says that donations of stock to our scholarship program can usually be deducted at market value from your income taxes. Of course, you should consult your tax practitioner to be sure, but this is an opportunity to make a gift of stock on which you have a large potential tax liability. As I understand it, if you donate stock which you purchased for \$1,000 that now has a market value of \$3,000, you can deduct \$3,000 as your charitable donation. If interested in going this route, please contact me at f.abraham@uni.edu

Andersen, Drew, '06. Business Reporter at the Waterloo Courier.

Bergeth, Christine, '07. Assistant Derivatives Analyst at FBL Financial in West Des Moines.

(Blaine) Souder, Erin, '98. Actuary for Hewitt Associates in Nashville, Tennessee.

Bushman, Jeff, '07. Claims Representative in the Workers' Compensation Department at Cottingham & Butler in Dubuque.

Heany, Michael, '93. Michael is spending the 2007-2008 academic year working as a legislative aide on Capitol Hill in Washington, D.C. through his participation in the Congressional Fellowship Program of the American Political Science Association, where he is the Steiger Fellow. He is on leave from his position as an assistant professor of political science at the University of Florida.

Johnson, Nick, '07. Credit Analyst for GreatAmerica Leasing in Cedar Rapids.

Koester, Justin, '07. Financial Analyst at BCC Advisers in Des Moines.

Miller, Mark, '83. Began working as an Agricultural Statistician for the U.S.D.A. National Agricultural Statistics Service in 1987. Worked in the Missouri field office 1987 to 1992. Worked in the Ohio field office from 1992-1998. Worked in Washington, D.C. 1998-2006. Became Survey Coordinator for Iowa field office in May 2006. Primary job is supervising data collection by more than 70 enumerators around the state.

Parcell, Joe, '93. Associate Professor, Agricultural Economics at the University of Missouri. After graduating from UNI in 1993, attended Kansas State University and received a MS ('96) and PhD ('98) in agricultural economics. Joe began work at the University of Missouri in July 1998 where he teaches and does research in the areas of marketing, price analysis and the food chain. Also is director of the Missouri Value Added Center. Is married to Julia Parcell and they have two children, Kary and Kate. In addition to a residence in Columbia, Missouri, they

have a home in Sigourney, Iowa where they own and operate a row crop farm in their spare time. He is founder of Value Ag, LLC, which is a business and economic analysis business serving the value added agricultural sector.

Rouse, Sara, '07. Portfolio Management Assistant for Principal Global Investors in Des Moines.

Scudder, Jeffrey, '03. Graduated from law school at the University of Iowa in May 2006. Internships in summer 2005 at Snell & Wilmer LLP (Phoenix) and Stinson, Morrison, Hecker LLP (Kansas City). Accepted a full time job at Snell & Wilmer in September 2006.

Shepherd, Jon, '90. Partner, Crews, Shepherd & McCarty, LLP. Recently named by D Magazine as one of the Best Lawyers Under 40 in Dallas. Also was selected as a Rising Star by Texas Monthly magazine.

Stern, Brett, '07. Claims Representative for EMC Insurance Companies in Des Moines.

Suppes, William, '07. Bill is attending Iowa State University for an M.S. in economics. He is also working as a teaching assistant in the Economics Department.

(Swanson) Thiel, Megan, '02. In second year as an Employee Benefits attorney at Snell & Wilmer in Phoenix, Arizona. Husband Andy and Megan had their first baby on January 15, 2007—Andrew Jacob Thiel. Drew was 15 days early, but a healthy 8 lbs 8 ozs & 19 inches long.

Tudor, Kerry, '74. Professor of Agricultural Economics, Illinois State University.

Wittmaack, Nate, '06. Nate is working as a Group Leader at the Target Distribution Center in Cedar Falls. He and his wife, Jen purchased a house in June of 2006. A lot of their time goes into the house. They've enjoyed redoing the kitchen and office (with a lot of help from friends and family). They also recently became aunt and uncle for the first time when their nephew was born.

Alumni Contribution Lights Display Case



Sue Joseph

Remember in your principles of Macroeconomics class when I talked about insatiable wants? No matter how much we have, we always want just a little bit more. I guess that applies to me as well. Last year I told you how alumni Gregor MacDonald and Scott Broshar gave us money to expand the case but I thought it would look so much better if it had lights. Enter Sue Joseph ('81) who generously gave us funds to partially fund lighting for the case. It is amazing what a difference it makes. Sue works on our campus as Professor, Health, Physical Education and Leisure Services and Interim Dean of the Graduate College and can regularly see the results of her gift. We really appreciate what she has done for us as once again an alum comes through!

—Fred Abraham

If you have an experience or thought you'd like to share in the Newsletter, send it to us and we'll put it in!

A note from Heath Williams, '94

My sister, Natalie Williams-Burris, and I had a conversation over the holidays about our college experience. We both read the latest newsletter and we got to talking about our classes, overall experience, and what we felt benefitted us the most in our professional lives. I told her a story about an assignment from one of my classes. I was to write a paper explaining what I felt would be a perfect job for me in the future. In my paper I explained how I wanted to lead a small team that focused on solving problems for my employer.

Since this discussion, I have given a great deal of thought to what the Economics Department gave me and the UNI College of Business Administration in general. While I was a decent student, I was always labeled as having the dreaded word "Potential". Fortunately, I have been able to take that potential and create a successful career that is almost exactly as I had envisioned in the early 90's. I currently lead a team of 20 employees with a primary focus on prioritization and execution of projects for our Division. While most of what I do does not directly relate to economic theory, the skills of problem solving, debating, and analyzing the world around you have paid huge dividends to me. I would not be as successful if I had not gone through the economics program. I was a double major in Business Administration and Economics and I find myself pulling far more from my economics experiences.

I remember a story from your Econometrics class. One of my projects centered around crime rates and finding significant

variables. If I remember right, when I selected my topic you indicated that one variable could not be proven as significant, but I worked my tail off to try and prove it was significant. While I think I did prove it out, the more important factor was that I found I could focus on what seemed to be an impossible task and enjoy every minute of it. In those days I thrived on challenge—if I was bored I would not apply myself. You and the other economics professors always seemed to find a way to get me motivated. I have gravitated to a position that challenges me in a very similar way.

While I went to The Hill far too often to get A's in all my classes, I did feel very prepared for the outside world when I graduated. I was very pleased when I received my diploma from you—it felt like the right ending to my college career.

I appreciate what I received from the University and if you ever need an alumni to come and address your current economic students, I would be happy to share my stories and experiences with them. Hope all is well with you and the rest of the staff. Happy Holidays.

HCW

Heath C. Williams, PMP
2nd Vice President--IT
Sammons Annuity Group
HWilliams@MNLife.com w:515-440-5565 f:877-586-0249

A note from Andrew Reimer, '98

The other day I was flipping through some literature of one of the mutual fund companies we use and all it talked about was interest rates and the economic outlook for the economy. I had to laugh because it sounded like one of the lectures I had in college!!! For what it's worth, getting my business degree from UNI was

probably the best thing I have ever done (that and living on a beach in Australia for three months!).

Andrew Reimer
New York Life

A note from Dwight Marshall, '51

I just finished reading the Department Newsletter, Winter 2006 with delight and admiration for a publication well written, insightful and interesting. The article by David Surdam dealing with the economics of sports facilities refreshed my memory about how we built the Thomas and Mack arena at UNLV, using tax money from both local and federal sources to retire that debt. I was chair of the "users committee" and a small part of the lobbying effort that took place in our state capitol and the U.S. Senate. One way or another the taxpayer pays, and the economic

benefit falls to only a few. Meanwhile our good mayor, Oscar Goodman, wants to do it again in downtown Las Vegas, citing economic fallout for all kinds of people and economic redevelopment for the area. Surdam's article needs wide distribution. I hope he gets it.

Dwight Marshall
Emeritus Dean of Continuing Education
University of Nevada, Las Vegas

ALUMNI-IN-RESIDENCE

The Alumni-in-Residence program has continued to be quite well received by our students. Started in 1992, the program brings an alum on campus for a day, usually in April, to visit with students and faculty. The alum shares post-graduate experiences with students by visiting classes and discussing what the real world is like and also how important undergraduate preparation is for a successful career.

A variety of events throughout the day provide the opportunity for the alum to share experiences and also offer insights into our program that we on the inside can not obtain. The day culminates with the Alumni-in-Residence assisting the department head in recognizing our top students at the annual Spring Recognition Banquet. We really enjoy the day and welcome the chance to hear the perspective of our graduates. If any graduates are interested in being an Alumni-in-Residence, please contact the department office.

Reflections by Lisa Dreyer

Looking back on my UNI Economics experience.....

Like many UNI freshmen before me, and since me, I'm sure, my first exposure to economics was F "Dot" Abraham's Principles of Macroeconomics. Of course, I had no burning desire to become an economist, but this class was a prerequisite for just about everything else! Surprisingly, I found myself interested in the course content, as the previously intimidating field of economics began to make logical sense to me, and I understood the graphic demonstrations that were frustrating many other students around me. By the end of that semester, I had found my major, and was eager to learn more.

When I returned to the UNI campus for the Alumni-in-Residence program to speak with economics students this spring, I looked back on my own UNI economics education. While many details have faded, the economic concepts I learned remain clear. I believe the value of my UNI economics education was threefold. I benefitted from the smaller group experiences, developed critical thinking skills, and was well prepared for continued education.

As the masses thinned out after the first round of required economics courses, I was left with very small classes for the remaining electives. Not only did this encourage attendance, it also allowed for active class discussions and personal interaction with each professor. But what I remember most were the smaller group experiences outside of the classroom, the Economics Club and our trip to England and France in the summer of 1985 with Ken McCormick and Janet Rives. Janet and I were the only two that spoke French, and we were very popular as tour guides while in Paris! That trip was such a unique and memorable learning experience with our small group.

Most important for my career success has been the analytical and problem-solving skills also attributable to my economics education. While the understanding of underlying economic conditions has been important in my career in the financial services industry, the ability to make good business decisions day in and day out is critical. At UNI, I learned ways to critically evaluate problems, choices and potential outcomes, and this has served me well in my banking career.

Finally, I think my UNI economics degree has been a perfect foundation for continued learning. I remember being so anxious to graduate and get a "real" job, and further education was far from my mind at that time. But several years of working convinced me to pursue my MBA with a finance emphasis, and my economics degree again had me well prepared for that challenge.



2007 Alumni-in-Residence Lisa Dreyer (center), Fred Abraham, and CBA Dean Farzad Moussavi (left). Lisa is Vice President, Private Client Services, Wells Fargo Bank, in Des Moines.

Major Themes in Economics

Over the years, some of you may have published articles in *Major Themes in Economics* aka *Draftings in Economics*. The link, www.cba.uni.edu/economics/Themes can take you to the recent issues. This is a great publication but expensive. We wish to thank **Ron Rolighed** for a generous contribution which covered ALL of the costs of production. In tight budget times, help like this makes an enormous difference in what we can do for our students. Once again, our alumni have come through for us with great support.

Video Game Economics

The other night I was playing Guitar Hero III with my 10-year old son, and we started talking about video game reviews. For the uninitiated, numerous websites and magazines publish reviews of games, typically providing a numerical score much like one would find in Consumer Reports, for example. The discussion centered around the fact that computing technology has advanced substantially over the past few decades, but magazines and websites don't adjust for changing technology when giving scores. In fact, all games are rated relative to current technology. In economic terms, to compare games across time, we don't want nominal ratings, we want real ratings. To do this, we need a video game "rating index" that we can use to inflate/deflate ratings over time.



Ken Brown

Here's an example. Some of you may remember the 1996 smash hit role-playing game Diablo. GameSpot, a website that provides game reviews, gives this game a rating of 9.6 out of 10, the highest score of any role-playing game in history. The next highest rated game is the 2006 role-playing game of the year, Oblivion, which gets a score of 9.3 out of 10. Now, if you didn't look at the year of release you might conclude that Diablo is a "better" game than Oblivion. I would doubt, however, that anyone making a knowledgeable choice about which game to play today would choose Diablo.

This is a common problem in economics. The Bureau of Economic Analysis creates quality-adjusted price indexes for many different products including computers, autos, and DVD players to name a few. The indexes are created using hedonic regression analysis, a tool econometricians have been using since the 1920s. I got to wondering if it might be possible to create a

game rating index using the same methods.

My first stop was Ken McCormick's office. Nobody knows games better than Ken, so I figured if I were going to go anywhere with this, Ken would have to come along with me. Fortunately, Ken thought I might be on to something, so off we went.

Ken gathered the data on all of the role-playing games rated since GameSpot's inception and passed it on to me for the econometric analysis. Our basic theory is that the game rating should be based on two broad characteristics of the game: the level of computing technology required to play the game and the "fun factor." We used GameSpot's "Gameplay" rating for the fun component, and we used the computer speed and memory requirements to measure the level of computing technology.

So, what do we find? Holding quality, as defined by the "fun factor" and computer requirements, constant, game ratings have declined at an average annual rate of nearly 1.3% per year. In practical terms, this means that holding game characteristics constant, games today are being rated lower than the games of yesterday, all else equal. It's quite difficult to state why games are being rated lower today, but I suspect it might be more difficult to impress a reviewer today than it was a decade earlier given the plethora of great games available today.

You're probably still wondering whether you should go out and buy Oblivion or try to track down a copy of Diablo on eBay. In quality-adjusted terms, Diablo's rating of 9.6 in 1996 would be equivalent to a rating of 7.8 with today's technology. In fact, Oblivion comes in as the best role-playing game of all time—and if you've played it, you already knew that. Just don't rely on the nominal ratings to reveal that.

—Ken Brown

Lawrence M. Jepson International Economics Essay Contest

The Lawrence M. Jepson International Economics Essay contest was established to encourage students to think seriously about the international economy. As the world continues to integrate, it becomes ever more important to understand our economic relationship with the rest of the world.

The winner of the first contest was Danielle Enderson for her essay, "Who Wins and Who Loses? An examination of United States Sugar Policies." Danielle traced the history of U.S. sugar policy and convincingly argued that it benefits a handful of U.S. sugar producers at the expense of just about everybody else. It is bad economic policy and is evidence of how corruption can masquerade as pro-U.S. trade policy.

Danielle won a framed certificate and \$600 for her effort.

Ken McCormick
Lawrence Jepson Professor of International Economics



Ken McCormick congratulating Danielle Enderson at the Jepson Symposium in February 2007.



David Surdam

Johan Van Overtveldt's *The Chicago School: How the University of Chicago Assembled the Thinkers Who Revolutionized Economics and Business* (Agate B2) is an entertaining but flawed examination of the university's continued excellence in the field of economics. The "dominance" reached a peak in the 1990s, when current Chicago faculty members won Nobel Prizes in Economics four consecutive years, giving rise, in sports-drenched Chicago, to boasts about a "four-peat."

Certainly the school has boasted an impressive, if eclectic, collection of economists. For instance, which economist does not belong in the following list:

- | | |
|---------------------|--------------------|
| a) Thorstein Veblen | b) Milton Friedman |
| c) Paul Samuelson | d) Robert Lucas |
| e) Gary Becker | |

Paul Samuelson took some courses at Chicago, but never taught there. Apparently, he had the opportunity of joining the faculty but demurred, possibly because he did not think that Friedman and he should be in the same department. Professor Veblen, a seminal thinker, perhaps would not belong on the list, if the public's perception of economics at Chicago being monolithic were strictly true. Veblen's ideas, aptly discussed by UNI's own Professor McCormick in his book, *Veblen in Plain English: A Complete Introduction to Thorstein Veblen's Economics* (Cambria Press), might raise the ire of the other three names on the list. However, Veblen's presence at the university is a reflection of the school's tolerance, if not encouragement, of scholarly gadflies.

Van Overtveldt argues that the economists at Chicago are successful because they stress hard work; operate under a belief that economics should be taken seriously; endure and perpetuate the often bruising set of workshops; and have nothing better to do during the long Chicago winters. Yet, he is unable to demonstrate that Chicago economists work harder than economists at, say, MIT or Stanford. Indeed, given that many of Chicago's economists received their training at other top universities, one can ask whether you can put the "Chicago" into the economist. Conversely, do Chicago-trained PhD's perform significantly better than others?

But, surely, Van Overtveldt's points about hard work and the Chicago economists' beliefs that economics (especially price theory) can be applied to a myriad of human (and sometimes non-human) behavior ring true. The rumor circulating among graduate students at Chicago that one of the Nobel-Prize winners stated, "I like coming into the office on Christmas, because it's the one day of the year the phone doesn't ring," had an element of plausibility. These professors may be (at least) epsilon smarter than professors at other universities, but they magnify their inherent advantage by a willingness and a desire to work long hours. While fame, glory, and income may provide part of the incentive, my guess is that most of these economists simply love what they are doing, that they are imbued with a quest for

knowledge. While some Nobel Prize winners have been content to bask in the post-prize fame, collect the munificent speaking fees, and write op-ed pieces, most of the Chicago winners almost immediately went back to research and teaching. (On a lighter note, one time a tour bus rolled through Hyde Park towards a Frank Lloyd Wright-designed house. A Nobel Prize winner was walking past the house, but no one paid him any mind, much less asked for his autograph or a photo. Such is the obscurity of academic fame.) A lesson for all of us, then, is that finding a vocation you love is a blessing.

Perhaps the outstanding characteristic of the Chicago economists is a belief in price theory, or, as almost everyone else calls it, microeconomics. Gary Becker has applied microeconomic principles to a wide array of human behavior, outraging sociologists, anthropologists, political scientists, historians, psychologists, and many other groups of "ists." Economist Deirdre McCloskey has labeled Becker the Rudyard Kipling of economics for his imperialistic incursions into other disciplines. While economics is not the sole explanation for human behavior, Becker and his followers have certainly forced the other disciplines to pay attention to economics. For young economists, the widespread applicability of economic principles should inspire excitement.

The workshops are notoriously rough-and-tumble. You hear such remarks as, "Don't be a damned fool," "I wouldn't use that data, if I were you," "Funny what a little data shows us," and that all-time favorite line of academics, "What is new is not interesting, and what is interesting is not new." Although personality conflicts occasionally motivate the brusque critiques, most of the remarks are made in the interest of improving the paper, if not finding the truth. While the home field seminar participants may not be perfect hosts, they do provide a quality control unmatched elsewhere. An aspiring economist (or even a veteran) whose paper survives a Chicago workshop's scrutiny gains a measure of confidence in his or her work.

The book's main drawback is its tedious recitation of all of the current economists at Chicago (in the economics department, Graduate School of Business, law school, and public policy school). Most of the younger economists currently at Chicago will never win Nobel Prizes, and their work is of limited interest to the general reader. Indeed, the recitation reminds a sports fan of the annual "rookie reports" for baseball. Yet, I suspect that Van Overtveldt was motivated to include synopsis of their work for two reasons. First, he may have genuinely desired not to ignore any of the current faculty, although, surprisingly, he does not discuss the work of one of the senior economists in the Graduate School of Business. Second, he may have felt that there is a significant probability that one of these younger scholars will win a Nobel Prize and rather than run the risk of ignoring a future star, he covers all of the bases.

For readers who are curious about the school's legacy in economics, Van Overtveldt provides a good source. For readers who want to know what the source of these economists' success is, the answer remains elusive.

—David Surdam

The Russia Trip- 2007



Eric Marshall

Amid the chaotic rush of final exams, graduation, preparation for graduate school, and new jobs, five of us prepared to embark on a trip halfway around the world with two faculty members. For some of us it was our first experience traveling abroad, and some were seasoned veterans. None of us had ever been to Russia, nor did we truly know what to expect. However, I think I speak for all of us when I say the trip was a cultural and

educational experience that we will not soon forget.

The trip provided many sightseeing opportunities. We took advantage of being within walking distance of the Kremlin and the Red Square. We were able to see Lenin's body in Lenin's Mausoleum, the National Diamond Fund, the National Armory Museum, and Saint Basil's Cathedral. The National Diamond Fund contained the most precious stones in Russia as well as the crown jewels of all former Russian leaders. The National Armory Museum provided an opportunity to see Russian artifacts including state gifts, Russian art, royal carriages and garb, and Russian weaponry. We also had a chance to tour the Moscow memorial garden and attend a Russian circus.

Our group was also able to experience Russian culture by eating traditional Russian foods, visiting the Moscow market, and traveling in the unbelievably hectic and unorganized Moscow traffic. Despite eating an "American burger" that could turn an Iowa farm-boy into a vegetarian, the Russian cuisine was quite enjoyable. The metro (underground train) was also an experience in itself. The metro carries about seven million passengers each day and is more than 100 feet below ground.

The tunnels doubled as fallout shelters during the cold war, but the most amazing fact is that Russians were able to get cell phone reception in these tunnels! Our trip also provided a unique opportunity to spend time with foreign students. I found our Russian colleagues to be extremely motivated and ambitious. Despite being two to three years younger than American college students, Russian college students are mature and take great interest in academics, politics, and the economy. They admire the quality of American education, but they have developed undergraduate universities that they believe can provide as strong an education as any and turn out students who are prepared to lead Russia's continued climb up the global economic ladder.

In addition to foreign students, we also had the opportunity to get to know two UNI faculty members on a more personal level. We were accompanied on our trip by College of Business Administration professors Dr. David Surdam and Dr. Sarah Sorenson. Despite his early morning close encounter with Moscow police, Dr. Surdam proved an invaluable sense of direction and provided countless insightful observations of the Russian economy and culture. Throughout the trip Dr. Sorenson was always good for a light hearted joke and astute cultural observations.

Our eight days in Moscow went by quickly, but provided far more than a week's worth of memories. We had the opportunity see historical monuments, experience Russian culture, and develop relationships with foreign colleagues. We will not forget this once-in-a-lifetime experience, and we are extremely grateful to the Economics Department and the faculty who worked so hard to make our trip a success.

—Eric Marshall



Front: Olga, Sarah Sorenson, David Surdam, Kevin Hron, Christine Bergeth, Nick Johnson, and Sophie Petrova;
Back: Justin Koester and Eric Marshall; in front of the War Memorial at Victory Park.

At a university, the responsibilities of faculty are manifold. Obviously, they are expected to teach classes and in our department and college, that is the number one priority. However, it is not the sole responsibility. In addition to disseminating knowledge by teaching, faculty are expected to create it through research. Further, we expect that created knowledge to be subjected to peer-review and exposure by being published. A nice by product of research is that it goes a long way towards ensuring faculty are current in their field and teaching the latest ideas to our students. Thus, teaching and research are complements. A further benefit is to the faculty member by acting as intellectual exercise. All minds, even good ones, need to be regularly challenged.

Below is a partial list of publications of the economics faculty over the last three years. Given that we do not have graduate research assistants available, it is an impressive list.

Hasan, T., Quayes, S., and **Alam, M.** (Sep 2006). Stock Market Opening: The Bangladesh Experience. In Hossain, A., Khan, F., and Akram, T. (Ed.), *Economic Analyses of Contemporary Issues in Bangladesh* (pp. N/A). Dhaka: University Press Limited, Bangladesh.

Amin, S., Quayes, S., and **Rives, J.** (Dec 2006). Are Children and Parents Substitutes or Complements in the Family Labor Supply Decision in Bangladesh. *The Journal of Developing Areas*, 40(1), 15-36.

Amin, S., Quayes, S., & Rives, J. (Jul 2006). Market Work and Household Work as Deterrents to Schooling in Bangladesh. *World Development*, 34(7), 1271-1286.

Shahina Amin and Lisa Jepsen (Dec 2005). The Impact of a Wife's Education on Her Husband's Earnings in Malaysia. *Journal of Economics*, 31(2), 1-18.

Shahina Amin, Shakil Quayes & Janet Rives (Apr 2004). Poverty and Other Determinants of Child Labor in Bangladesh. *Southern Economic Journal*, 70(4), 876-892.

Shahina Amin (Apr 2004). Ethnic Differences and Married Women's Employment in Malaysia: Do Government Policies Matter? *Journal of Socio-Economics*, 33(3), 291-306.

Brown, K.H. & Uyar, B. (Sep 2004). A Hierarchical Linear Model Approach for Assessing the Effects of House and Neighborhood Characteristics on Housing Prices. *Journal of Real Estate Practice and Education*, 7(1), 15-23.

Gamber, Edward N., and **Hakes, David R.** (Jan 2006). The Taylor Rule & the Appointment Cycle of the Federal Reserve. *Journal of Economics and Business*, 58(1), 12.

Rawwas, M., Swaidan, Ziad, & **Isakson, H.** (Jan 2007). A Comparative Study of Ethical Beliefs of Master of Business Administration Students in the United States With Those in Hong Kong. *Journal of Education for Business*, 82(3), 146-158.

Isakson, Hans R. (Dec 2004). Analysis of the Effects of Large Lot Zoning. *Journal of Real Estate Research*, 26(4), 391-416.

Jepsen, C. & **Jepsen, L.K.** (Jan 2006). The Effects of Statutory Rape Laws on Nonmarital Teenage Childbearing. *Contemporary Economic Policy*, 24(1), 35-51.

McCormick, Ken (Nov 2006). Madman in Authority: Adolf Hitler and the Malthusian Population Thesis. *Journal of Economics*, 32(2), 1-8.

McCormick, Ken (Nov 2006). Veblen and Globalization: A Comment on Wellington and Zandvakili. *International Journal of Social Economics*, 33(7), 529-532.

McCormick, Ken (Apr 2006). Veblen in Plain English: A Complete Introduction to Thorstein Veblen's Economics. Youngstown, New York: Cambria Press.

Surdam, D.G. (May 2006). The Coase Theorem and Player Movement in Major League Baseball. *Journal of Sports Economics*, 7(1), 201-221.

Surdam, D.G. (Jan 2006). The Union Navy's Blockade Reconsidered. In Elleman, B. & Paine, S.C.M. (Ed.), *Naval Blockades and Seapower* (pp. 61-70). London: Routledge. Book Chapter Published

Surdam, D.G. (Sep 2005). The Confederate Naval Buildup: Could More Have Been Accomplished?. In Rafuse, E. (Ed.), *The American Civil War. The International Library of Essays on Military History* (pp. N/A). Aldershot, UK: Ashgate.

Uyar, Bulent & Brown, Ken (Dec 2005). Impact of Local Public Services and Taxes on Dwelling Choice within a Single Taxing Jurisdiction. *Journal of Real Estate Research*, 27(4), 327-443.

Textbook Supporting Materials

The economics faculty take teaching seriously and are continually seeking ways to improve their skills. In addition, they work to increase the effectiveness of textbooks that are assigned to students. Well-written books with helpful accompanying ancillaries go a long way to improving the quality of education received by our students. Below is a list of work done by our faculty to improve the quality of economic education.

Biederman, D., Brown, K.H., Jepsen, L., Kanago, B., & McCormick, K. (Nov 2004). Test Bank to Accompany Principles of Economics by N. Gregory Mankiw, Third Edition Supplement. Mason, OH: Thomson-Southwestern.

Biederman, D., Brown, K.H., Jepsen, L., Kanago, B., & McCormick, K. (Nov 2005). Test Bank to accompany Principles of Economics by N. Gregory Mankiw, Fourth Edition. Mason, OH: Thomson-Southwestern.

Biederman, D., Brown, K.H., Jepsen, L., & Kanago, B. (Jan 2006). Web-Based Supplemental Exams to accompany Principles of Economics by N. Gregory Mankiw, Fourth Edition.

Biederman, Daniel, & Brown, Kenneth, & Fuhrman, Jennifer, & Jepsen, Lisa, & Kanago, Bryce, & McCormick, Ken (Dec 2006). First Supplemental Test Bank for Principles of Economics by N. Gregory Mankiw Edition 4. Mason, Ohio: Thomson - Southwestern.

Fuhrman, J.L. (Jun 2006). Pre- and post-tests to accompany Gregory Mankiw's "Principles of Economics" textbook. Mason, OH: Thomson-Southwestern.

Fuhrman, J.L. (Jun 2006). Homework questions to accompany the "Greg Mankiw Answers Key Questions" Videos. Mason, OH: Thomson-Southwestern.

Fuhrman, J.L. (Aug 2006). AACSB learning assurance tags and economics tags for homework questions, pre-/post-tests, and test bank to accompany Gregory Mankiw's "Principles of Economics" textbook. Mason, OH: Thomson-Southwestern.

Hakes, David R. (Feb 2006). Study Guide Principles of Economics, N. Gregory Mankiw. Mason, Ohio: Thomson Learning/SouthWestern Publishing.

Hakes, David R. (Feb 2006). Mankiw's Quick Quizzes. In Dorger, Sarah (Ed.), Principles of Economics (pp. 42). Mason, Ohio: Thomson Learning/SouthWestern.

Hakes, David R. (Apr 2004). Study Guide Principles of Economics, N. Gregory Mankiw. Mason, Ohio: Thomson Learning/SouthWestern Publishing.

Gamber, Edward N., & Hakes, David R. (Jul 2006). Study Guide to Accompany Mishkin's The Economics of Money, Banking, and Financial Markets. Boston, MA: Pearson Addison Wesley.

Hakes, David R. (Nov 2006). Mankiw, 4th Edition, Interactive Quizzes. Available at: <http://webquiz.ilrn.com>.

Textbook Selection

One of the most cherished privileges of higher education is that of academic freedom. The university exists in part to foster the free flow of ideas, however unpopular they may be. History has shown resistance regularly arises to new and different ideas, especially those that challenge current thinking. We have also seen how ideas once considered unpopular can evolve into mainstream thought, sometimes quite quickly. This is why it is so important to maintain academic freedom. The continual "sifting and winnowing" which is an integral part of higher education facilitates the discovery and implementation of new ideas.

A small but important aspect of academic freedom is allowing professors to select the textbooks they use in class. Our philosophy has always been to hire capable people and trust they make good decisions, and that includes textbook choice. Our faculty currently use over 25 different textbooks. We of course monitor courses to ensure the content is consistent with course descriptions but beyond that, in recognition of the rich diversity of opinion existing in the economics discipline, faculty are free to decide the appropriate textbook. This is essential for maintaining a vital, creative program. Sometimes, uniformity is the enemy of progress!

—Fred Abraham

Faculty Notes...as they report it!

Imam Alam teaches International Financial Economics and Business Statistics. The falling value of dollar is making the international course much more interesting. He is currently doing research on 'child labor' and 'economic growth' and has recently picked up a new hobby: photography.

Bev Barber, the department secretary, had a busy year. She had a son get married in March, a daughter in May and another son in October. All her children are now married and all she can say is "Whew!" RAGBRAI also rode through Dumont and by their acreage this summer. Bev made 1,000 cookies for her grandsons to sell and they made \$400! That's a lot of money for a 4 and 2 year old! Anyone familiar with RAGBRAI knows Mr. Porkchop and his "porkchop call". He set up in Bev and Mike's yard and sold 800 porkchops! Over 1,000 bikers stopped by to rest and get water. It was a memorable experience! There were so many people from all over and they were all so friendly! Although Lance Armstrong and John Edwards rode by, they didn't stop, but Dave Hakes and his group did and that was more fun anyway!

Ken Brown is now teaching econometrics on a regular basis, started teaching Principles of Microeconomics this fall instead of DT (which he taught for 12 years), and will be offering a Health Economics course next spring, hoping to draw on his experience in the healthcare industry a few years back. He has a number of applied econometric projects including a housing research paper with Bulent Uyar, a sports economics paper with Lisa, and a paper that looks at the performance of community college transfers relative to native students at UNI with Ken McCormick and Fred Abraham.

Shahina Amin continues to enjoy teaching the Economics of Labor Markets, Intermediate Microeconomic Theory, and Principles of Microeconomics and continues to research child labor issues. She presented a paper (with Imam Alam and Janet Rives) at the Midwest Economic Association Meetings and will be presenting another paper at the Southern Economic Association Meetings. She is also researching with Lisa Jepsen and Ken Brown on Mr. Mom issues. Her son, Zuhayr, is 10 and doing great!

Jennifer Fuhrman continues to teach Introduction to Decision Techniques and work on ancillary projects for Cengage Learning (formerly Thomson South-Western publishing company). This past summer, Jennifer fostered a pregnant Labrador Retriever and delivered and raised her nine puppies. All ten dogs have since found forever homes. Right now, Jennifer is fostering her first cat—her four dogs are not impressed.

Dave Hakes is still teaching principles of macro, and money and banking, on a regular basis. While my research continues to focus on monetary policy, I've just published a paper on how firms can use warranties to separate high risk and low risk users of their products. At present, I'm working a project where I explain the mechanism by which efficiency wages affect national output.

Hans Isakson continues to teach the Introduction to Economics

classes and keeps busy further developing his Land and Real Estate Economics course. He is currently researching the impact of swine CAFOs on nearby housing values. He is also researching the determinants of land values in several of the nation's largest metropolitan areas. Professor Isakson's service as President of United Faculty-AAUP keeps him very busy working with the UNI's central administration on many topics of concern to faculty at UNI.

During the summer **Bryce Kanago** gained some practical experience doing some work on his mother's house with his brother who is an electrical engineer. He says it was interesting to compare how an economist and engineer consider, plan, and execute home improvement. At the least he learned something about the prices of tools and construction materials on his many trips to the home improvement store. He is still teaching Intermediate Macroeconomics and Money and Banking using a new text in Money and Banking. The author is now on the Board of Governors, so he must know something.

Lisa Jepsen is on a research leave for the fall. She is working on a paper with her brother (frequent coauthor) about whether same-sex couples are less likely to own a home than opposite-sex couples. The leave has allowed her to travel to Vanderbilt University and the University of Kentucky to present papers. The trip to Kentucky coincides with a chance to see her three-month old niece. She continues to advise the Economics Club and now also advises the CBA Pre-law Club. She would be especially interested in hearing from alums who have gone on to law school, so email her at lisa.jepsen@uni.edu if you have a chance.

Lois Lindell and her husband Terry celebrated their 25th wedding anniversary with a two and a half week combination cruise tour to Alaska and the Yukon Territory, Canada. Lois reports the highlights of their trip were the wide-open spaces, native wildlife, great seafood combined with the beautiful sights of Mt. McKinley and Glacier Bay.

Economic theory suggests that there are multiple determinants of the economic performance of both individuals and nations. **Ken McCormick** has been thinking about a unified-field theory of economic performance. He says that, at root, there is only one determinant: karma. In the VERY long run, one must do good to do well.

David Surdam is currently teaching Introduction to Decision Techniques and will resume teaching MBA Managerial Economics and Sports Economics. He is working on some articles pertaining to the economics of major league baseball during the 1930s before plunging into yet another book on baseball.

Bulent Uyar is continuing to teach the same courses as before. He and Ken Brown have just had an article accepted for publication. Bulent is also thinking of phased-retirement. He is not sure when he will go on phased retirement, but he is seriously considering it.

From Our Emeritus Faculty

Wylie Anderson. Wylie reports that he is still alive and he and his wife, Rosemary are living in Stanley, Kansas.

Don Cummings. Don and Joann are enjoying retirement. They spent some time traveling this past year. Their son, Steve, was married in a beautiful ceremony in Malibu. Steve and his wife live in Santa Monica. They also traveled to Indiana to attend their nephew's graduation from Notre Dame and his wedding. In July, Don, Joann, their son and daughter-in-law and her parents took a 12 day inland passage tour of Alaska. They started in Vancouver and ended in Anchorage. It was both a cruise and a land tour and it was a wonderful experience. Don reports that at times he gets nostalgic for Iowa, but then he steps outside in the warm sun to plant his winter flowers and remembers why he's in Arizona!

Charles Gillette. Congratulations to the UNI football team. Meredith and I are still at the same address in Milwaukee and both of us are reasonably healthy. I was in Iowa (Arnolds Park) over the Labor Day weekend with my sister and her husband. Not too close to CF since I drive the Interstate across southern Minnesota. About the only change is a new granddaughter born to Emma and Sam in September.

Barb Mardis. Last summer I spent 10 days in Colorado with friends; this fall my husband and I, along with a daughter and her husband, spent 2 weeks in Tuscany. We did a variety of things—from a day of churches and art in Florence, to two days of hiking along the coastal bluffs of Cinque Terre.

In between trips I have thoroughly enjoyed the freedom of not wearing a watch and having more time to read and exercise. I honestly am doing some of the things on my "when I retire" list!

Janet Rives. I continue to spend spring, summer, and fall in Cedar Falls and winter in Tucson, Arizona. This pattern provides the optimal climate. Yes, I am still optimizing!

In December of 2006, I moved into a new "twin home" in Cedar Falls. This means much less yardwork (no more hickory nuts!), much larger rooms, and much higher ceilings than my little 1945 house on Grand Boulevard. The neighbors are wonderful.

Most importantly, I'm located right behind Bickford Cottage Nursing Home which should make my next move very convenient!

In retirement, I have devoted lots of time to travel and golf along with a weekly routine that always includes circuit weight lifting and coffee with friends. To keep from becoming a total bum, I have been helping the CBA with our student and faculty exchange programs in western Europe. That meant a trip to Europe this past May. Leslie Wilson, CBA Associate Dean, and I visited the University of Klagenfurt (Austria), the University of Duisburg-Essen (Germany), the ISC School of Management (Paris), and Rennes College of Business (Rennes, France). What a trip! It was mostly work, but two free days in Paris made it all worthwhile. Last week I hosted three students (one French) involved in the Rennes program. And this week the CBA hosted a professor from Duisburg. I'm enjoying my involvement in these activities very much.

It is always great to get together with UNI alums and/or their families. At a recent UNI tailgate party, I ran into the parents of a student from many years ago, Joel Abrahamson, now a lawyer in the twin cities. And a few weeks ago I enjoyed a visit from Michael Heaney, now a professor of economics at the University of Florida. Earlier this fall, I spent a delightful evening with Janice McClung Holtkamp, one of my first students at UNI. So, please, let me know when you are coming to town. I would love to see you. (rives@uni.edu)

In about a week I will be off to Spain for about 10 days, visiting Madrid and Barcelona. I'm practicing Spanish, but it turns into French very quickly. I'll be off to Arizona in early December. Being a professor at UNI was great fun...and so is retirement!

Chuck Strein. I think I finally retired. Summer time is spent with grandsons, gardening, and fishing. Winter time is snowmobiling and ice fishing.

This is an active retirement community, since about half of our friends go south in the winter. We are planning on exploring warm weather places to choose a winter retreat. We will see what happens.

Barb Mardis Retires

This fall was the first semester in years Barb Mardis did not teach Introduction to Decision Techniques. The reason: she retired! After 26 years at UNI, she decided to hang up her chalk and eraser and live on easy street. Her decision was probably influenced by the fact her husband John, long time mayor of Evansdale, decided not to run for re-election.

Barb has taught thousands of students over the years and was solid and reliable in the classroom. She was instrumental in preparing the materials currently used in the course. Beyond that, she served as the CBA's computer technical person since 1990. Her extensive expertise was self-acquired and she really did a great job. I can't count how many times I walked down the hall with a computer question that she immediately answered. She made my life a lot easier just as she did for all of the faculty and students of the CBA.

We're going to miss Barb although she might not miss us as much. I think she is already loving retirement!

—Fred Abraham



Fred congratulates Barb on her retirement.



John Fordyce

The Economics Club has been quite busy this semester. In addition to electing new officers, we have met a couple times this semester. We had an enjoyable first meeting while we ate pizza and planned some of our events. We met at Seerley Park for our second meeting for a nice picnic. Dr. Ken Brown gave an informative presentation to Club members wishing to enter the job market post-graduation. Our poker tournament was fun as always. Jessica Mahoney won the tournament after all the other players fell victim to the Elimination Drum.

We have several events planned for the spring semester. Dr. Jepsen and Dr. Kanago will discuss opportunities for students wishing to attend law or graduate school post-graduation. We are also excited about a bowling event and our annual trip to Chicago. I have attended the Club's Chicago trip ever since my sophomore year, and the trip is always one of the highlights of my school year. I expect this year to be no different.

—John Fordyce
Co-President

Comments from Professor Jepsen



Lisa Jepsen

As John mentions, the Econ Club has been busy with fall activities. This year's officers are co-Presidents, John Fordyce and Jason Ferguson; co-Vice Presidents, Jon Fitch and Jared VanderVeen; Treasurer, Kevin Juhl; and Secretary, Amy Clemens. All these students were active in the club last year, so we are fortunate to have experienced leadership.

The Chicago trip last spring (March 2007) was both entertaining and informative. We visited the Field Museum on Thursday, saying hi to Sue, "the largest, most complete, and best preserved *Tyrannosaurus rex* fossil yet discovered." We had a slight change to our usual Friday itinerary because the Federal Reserve was booked all day for a management convention, so we went to the Board of Trade, Options Exchange, and Mercantile Exchange. We enjoyed a presentation by CBA alum Joe Engels at the Options Exchange. Joe does a great job of explaining options trading in plain English. Professor Fuhrman volunteered to make a Dunkin' Donuts run to fight our mid-morning hunger — thank you, Jennifer!

We were pleased to host four students and one faculty member from Russia on our Chicago trip. You can read more about our exchange program in Eric Marshall's article in this newsletter.

—Lisa Jepsen



Dave Hakes

If your life is too simple and pleasant, and you want to stir things up a bit, I recommend building a house. I recently started construction on a new home, and I'm sure that it will be a learning experience.

Here is my advice. Wait until your children have grown up and moved away, the housing market is depressed, and the mortgage market is shaky. Then build a house that is twice the size of the one you had while raising a family.

Here is what I have learned (so far). While an architect might be able to look at a blueprint and imagine the finished space, an economist cannot. Therefore, an economist will move a lot of walls after they have been built. This is called a "change order" and it is one reason why a house costs more than the original price.

I've also learned about the practical application of some basic economic principles. Opportunity cost: we chose to install granite counter tops so we cut back on the architectural shingles. Marginal decision making: I think I'll add another window, another window, another window... no more windows. Trade can make everyone better off: I don't really know how to use any of the tools in my tool box, so I'll focus on being an economist and let the contractor focus on building my house. People respond to incentives: if you finish my house on time, I'll pay you the price we agreed upon.

The last thing I've learned is that economists actually think in a different manner than others (research confirms this). We economists tend to be obsessive compulsive optimizers. This may lead to an optimal outcome if one is making a couple of major decisions a month. But it is just plain obsessive compulsive behavior when one is making ten major decisions a day while building a home!

I could continue with more home building experiences, but I have to meet with the electrical subcontractor and make a few hundred decisions.

—Dave Hakes

Fred's Note: We'll run a picture of Dave's new house next year—if it's done!

A woman is told by her doctor she has only one year to live. "What should I do?" she asks. "Marry an economist," he replies. "Will that cure me?" she asks. "No," the doctor replied, "But it'll make the year seem a lot longer."

Highlights from the Center for Economic Education

Iowa High Schools Place in National Competitions

Student teams from eight high schools across the country emerged as finalists in the National Economics Challenge, winning state and regional competitions by defeating nearly 1,000 teams from 37 states to advance to the championship series. A team from Anamosa High School (right) won their division at the state level as well as the Midwest Regional championship and went on to New York for the final competition. The team, coached by Gary Heiar, placed third in the national competition held in New York City in May, 2007. Congratulations Anamosa!



The Securities Industry and Financial Markets Association (SIFMA) and its non-profit affiliate, the Foundation for Investor Education, announced that five seniors at Valley High School in Elgin, Iowa (left) are the 2007 national champions of the "Capitol Hill Challenge Stock Market Game." The Iowa students, under the direction of their economic teacher, Kent Bonte, beat out 364 teams from 84 schools across the country. The team increased their "portfolio's" value from \$100,000 to \$127,920.72 in 10 weeks—an increase of almost 28 percent. Valley's team was paired with Senator Charles Grassley. Congratulations Valley of Elgin!



UNI Economics Department



Seated: Jennifer Fuhrman, Bulent Uyar, Lisa Jepsen, David Surdam

Standing: Imam Alam, Bev Barber, Department Secretary, Fred Abraham, Department Head, Lois Lindell, Shahina Amin, Bryce Kanago, Dave Hakes, Ken McCormick, Ken Brown

RAGBRAI 2007

The Register's Annual Great Bike Ride Across Iowa came through Cedar Falls this year and spent an overnight stop. It's a fascinating sight to see 20,000+ bikes rolling along the streets of the city. The local planners had set up several camping areas and there were food and drink vendors everywhere. The main campground was just west of the Dome and there were hundreds of tents pitched there as well as countless large vehicles which carried the riders' equipment and other necessities. The university rolled out the red carpet for RAGBRAI with some rock concerts, a speech by Lance Armstrong and a controlled, fenced in libation area.

RAGBRAI is sought after by communities all across Iowa for the economic impact it brings to an area. You can imagine the amount of entertainment money 20,000 hungry and thirsty riders spend. It's a nice, fun event enjoyed by people from all across the country which even provides a few dollars for the locals.



Fred Abraham "lives large" at the RAGBRAI welcome sign by the Dome.



Economist Dave Hakes rode RAGBRAI and visits with Bev on her front porch.



Econ Secretary Bev Barber lives outside of Dumont on the assigned RAGBRAI route and sold 1,000 cookies to hungry riders.



Dave and friends take a break.